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THE UNSKILLED NEGRO WORKER IN THE CHICAGO LABOR MARKET.
RESEARCH REPORT.
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BASED ON THE FINDINGS OF THE TAYLOR REPORT, WHICH REPORTS RESEARCH CONDUCTED IN CONNECTION WITH THE CHICAGO LABOR MARKET STUDY, THIS PAPER DISCUSSES THE SITUATION OF THE UNSKILLED NEGRO WORKER IN CHICAGO. DESPITE SOME EMPLOYMENT GAINS FOR NEGROES IN WHITE-COLLAR AND PROFESSIONAL OCCUPATIONS, EMPLOYERS IN THE UNSKILLED MARKET CONTINUE TO DISCRIMINATE, AND MANY FORMAL AND INFORMAL SOURCES OF JOB INFORMATION ARE NOT AVAILABLE TO NEGROES. IF A NEGRO IS HIRED, HE OFTEN WORKS FOR SUBSTANTIALLY LESS PAY THAN HIS WHITE COUNTERPART. UNSKILLED NEGRO WORKERS, MANY OF WHOM COME FROM POVERTY AREAS, ARE HANDICAPPED BY HOUSING DISCRIMINATION AND SCHOOL SEGREGATION EVEN BEFORE THEY ENTER THE LABOR MARKET. THE TAYLOR REPORT IS APPENDED TO THIS PAPER. THIS DOCUMENT IS ALSO AVAILABLE FOR 25 CENTS OR $1.00 FOR 5 COPIES FROM RESEARCH DEPARTMENT, CHICAGO URBAN LEAGUE, 4500 SOUTH MICHIGAN AVENUE, CHICAGO, ILLINOIS 60653. (AF)

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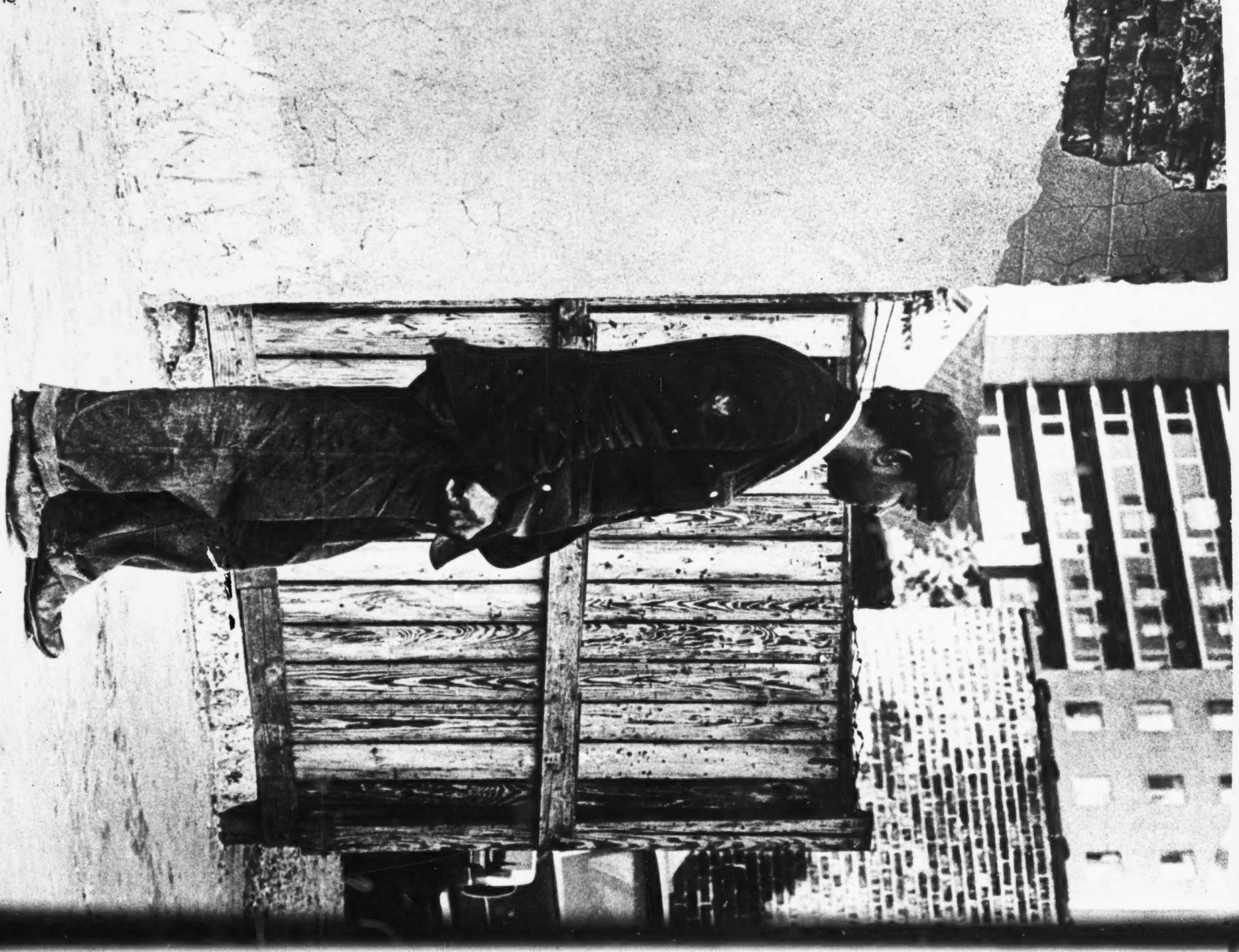
A Chicago Urban League Research Report



The unskilled Negro worker in the Chicago labor market

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U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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("Bill" Berry speaking)

Some months ago, the Chicago Urban League commissioned Dr. David Taylor of M.I.T. to present the basic facts about the situation of the man at the bottom of the job ladder in Chicago – the Negro without special skills.

Chicago's unskilled Negroes, in their scores of thousands, are the hard nut, the unresolved core of the employment enigma in this booming city. But too few observers, even among the generally well informed, know the full nature of this group's position -- and its awesome significance.

Just where does the unskilled Negro stand in our fast growing economy? Is it possible that his situation is improving? Or is it getting worse? Just how is the onrush of mechanization and automation effecting him?

Dr. Taylor's findings give us sharp, definitive answers to these questions at a time when such answers are sorely needed.

These answers are not happy ones. They boil down to just this:

In the ruthless competition for the unspecialized jobs, in this era of soaring mechanization, the unskilled Negro still gets the worst of it. Even those jobs for which he is well equipped are eluding his grasp at an increasing rate and, to a large extent, are going to less qualified workers.

Two central facts in this respect are laid bare by Dr. Taylor's findings:

1st - Even when the unspecialized Negro worker has a considerable superiority in educa-

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tion and in work record, the job-finding odds are still against him.

2nd - If he does get the job, he is all too likely to be working for substantially less pay than his white counterpart.

This is the heart of the matter. Its implications need the most careful analysis and consideration:

AMID PROSPERITY, HUGE POCKETS OF DEPRESSION

During recent years, the American economy has experienced an unprecedented extended period of prosperity. Within the labor market, direct racial barriers have been lowered somewhat and a variety of government sponsored training programs for minorities have been developed. Yet, the status of unskilled Negro workers in Chicago, as in other urban centers, is still less than that of second class. The economic and social conditions of most of Chicago's 75,000 unskilled Negro males have changed little during recent years.

At best, the more fortunate of them have been able to remain at the same social and economic distance behind their white counterparts. Tragically many, particularly those who live in slum neighborhoods, are worse off than they were five years ago.

The breakthroughs that have been won in recent years have primarily benefited middle-class and better trained workers. We know that concrete gains must now be obtained for unskilled Negro workers if we are to avoid serious future racial conflict in our inner cities. The urgent need for corrective action in this area is clearly demonstrated by the disturbances in low-income Negro neighborhoods throughout the entire country during the past summer. Many of the participants in the riots were unskilled workers frustrated by years of low-incomes, by unmeaningful jobs, and by being excluded from recent economic prosperity. Unskilled Negro workers could make great advances if they could only catch up with the conditions of unskilled whites.

This is the situation which has been noted and understood by some observers allied with the Civil Rights Movement. However, all too often it has been denied or swept under the rug by others, despite its tremendous importance in any assessment of the labor market.

But now comes Dr. David Taylor, of the Massachusetts Institute of Technology, with a study and a report which brushes away any doubt about the tragic extent of racial discrimination and its consequences, even in the least-skilled levels of employment.

TO OPEN THE WAY FOR NEW INSIGHTS

Recognizing the grave seriousness of this problem, the Chicago Urban League chose the eminently well qualified Dr. David Taylor of the Alfred Sloan School of Management, Massachusetts Institute of Technology, to prepare this report. It is based upon his research for a comprehensive study of the Chicago labor market, currently being conducted under the direction of Dean George Shultz and Professor Albert Rees at the University of Chicago.

Dr. Taylor's study is one of the most recent and best analyses of Negro employment. It reaches important conclusions which are not available from the usual sources of data. Applying the tools of economic and statistical research, he points out the penalties inflicted on unskilled Negro workers as they compete for jobs with whites of similar backgrounds.

FOR THEM, A DAMNABLE SEQUENCE

In the search for jobs, unskilled Negro workers are denied access to many informal and formal sources of job information that are available to whites. When job openings are located, they face the further burden of discrimination in hiring.

Finally, once employed, Negro workers are subject to wage discrimination. In unskilled job classifications, when differences in training, education, and work background are considered, Negroes earn less than whites. This wage differential can only be accounted for by racial discrimination. (A common opinion, here, is that a part of the unskilled Negro's job-finding difficulty is his supposedly wrong approach. The reality, as Dr. Taylor's report reveals it, is that his approach is actually quite rational and efficient as a practical adaptation to the classic difficulties which confront him.)

FOR INDUSTRY, A WASTED ASSET

There is another side to this coin. Because of racial discrimination, many employers are passing up a large supply of competent workers. As Dr. Taylor's report shows, the rejected Negro applicant is often the superior applicant. Thus, the injustice he suffers is compounded by a severe economic loss to the economy and to the employer.

Against this unjust and uneconomic sequence, Dr. Taylor's study provides the background knowledge from which policies may be developed to eliminate the problems now confronting unskilled Negro workers. Such programs will be especially relevant for employers who

want to expand or upgrade their present labor forces, as well as those who want to practice, not just preach, merit employment and affirmative action.

IN THE LONG RUN, AN UNDERSTATEMENT

Dr. Taylor has described the dynamics by which unskilled Negro men are deployed within the labor market. He has given us statistical measurements of the monetary penalties imposed upon them in that market. His technical analysis operates with a short-run view of the labor market. Therefore, he takes as given such institutions as the housing market and the education system which help determine the size and composition of the unskilled Negro labor force. But when, from a long-run view we include the influence of these significant elements, we find that additional penalties are imposed on unskilled Negroes along the road to the labor market.

In fact, there are Negroes who have a great deal of trouble getting into the mainstream of the labor market in order that they would even be subject to Dr. Taylor's type of analysis. Many unskilled Negroes are employed in marginal jobs that either do not pay enough to lift them out of poverty or are subject to frequent and extended periods of unemployment. Others have become so discouraged that they have lost the will to continue the job search and have dropped out of the labor force. The United States Department of Labor has grouped these various types under the general classification of sub-employed. In a recent survey of ten Negro and Spanish-speaking slum areas, they found that one out of every three adult males was sub-employed.

The sad economic fact about the present status of race relations in this city is that those unskilled Negroes who are locked in the slums have been bypassed by the current economic prosperity. In an era of affluence, they have fallen further behind. Some have had slight increases in their real incomes, but not proportionate to those of the general population. Disastrously, many others are absolutely worse off with less purchasing power.

ACROSS THE NATION, PROGRESS IN REVERSE

Recent studies of the Bureau of Census show that in the Hough area of Cleveland, the scene of recent racial disturbances, median income dropped sharply from $4600 in 1959 to $4050 in 1964. This represents $850 less in 1964 purchasing power for each family. The incidence of poverty there rose from 31 percent to 39 percent during the same period. In a total of nine neighborhoods containing 85 percent of Cleveland's Negro population, real family income remained constant, while white income rose sharply.

South Los Angeles contains a quarter million Negroes; there the picture was similar. Median family income remained constant from 1959 to 1964. Measured in terms of real income, the purchasing power of the typical non-white family in the area surrounding Watts declined by almost $400. During this same period, the purchasing power of the typical American family grew by 14 percent.

Here in Chicago, with an exceptionally tight labor market, the pattern is a little bit less disastrous. A recent study distributed by the Chicago Association of Commerce and Industry shows that the ten most impoverished communities were overwhelmingly Negro. Median family income for these ten areas in 1966 was $4810 in contrast to $8100 for the city and $9400 for the metropolitan area. Between 1960 and 1966, the average family purchasing power in these areas increased only 5 percent in those areas in contrast to 16 percent for the Chicago metropolitan area.

Twenty-seven percent of all persons living in these Chicago neighborhoods were on public assistance as compared with the 7 percent average for the city. Six of these ten poverty areas had more than 30,000 persons per square mile as compared to the average density per square mile of 15,000. The other four were highly industrial and commercial in nature. One-third of the housing units in these areas were overcrowded as compared with the city-wide rate of 12 percent.

Negro poverty areas in Chicago and other large urban centers--areas inhabited mostly by unskilled workers--have been isolated from the mainstream of economic and social progress. Not including the discouraged workers who have left the labor market, the overall jobless rate in these areas is greater than 10 percent; in the critical 16 to 21 age group, it is over one-fourth of the labor force.

Workers who live in these pockets of poverty are concentrated in the least secure, least desirable, and least rewarding jobs.

Major forces that contribute to the employment problems of the residents of those neigh-

borhoods are housing segregation and school segregation. These are the primary obstacles which confront the Negro worker before he even gets into the labor market. Let us examine them:

Housing Segregation. Housing segregation prevents Negro workers from finding suitable dwellings near the many jobs which have sprung up in Chicago's outlying areas. John Kain of Harvard has shown that by 1956 as many as 30,000 jobs had been lost to the Negro labor force because of housing segregation. This problem has worsened in recent years. The location of jobs has been radically dispersed throughout the metropolitan region, while Negro residential opportunities are still basically confined to the ghettoes of the central city.

Housing segregation also means that unskilled Negro workers often must make costly, time-consuming daily trips to distant suburban work places. Unlike low-income white workers, Negroes cannot adapt their residential choices to their job locations. Chicago's transit system from the ghetto to the outlying areas of the city is slow, expensive and involves several transfers. In this light, Kain further estimates that as many as 112,000 Negroes might move from Chicago's ghetto and a majority might choose suburban residences if they were free to choose locations similar to those available to low-income white workers employed at the same work places.

School Segregation. The unskilled Negro labor force in Chicago is augmented each year primarily by new additions from the Chicago school system.

Study after study has proved that the Chicago schools are highly segregated and provide distinctly inferior educational results for Negro students. In Chicago's ghetto schools, actual expenditure per pupil for the regular curriculum is the lowest in the city. Inner city and slum area schools have the most overcrowded classrooms, the most inexperienced teachers, and the least effective supportive educational services. Only one out of every two Negro youngsters who starts high school, graduates. Furthermore, a shocking number of high school diplomas awarded in Chicago represent little more than a certificate of attendance. Many of these graduates cannot even meet minimal employer requirements.

In economic terms, our society makes a smaller investment in human capital in the case of Negro children. Without drastic revision of the public education system in Chicago, the children of unskilled Negro workers and the sub-employed are destined to follow in their parents' footsteps.

Disproportionate hiring in a declining market. Even in the current prosperity, the economy has failed to generate a sufficient number of jobs. Most of the job losses resulting from automation and other technological improvements occur in unskilled occupations. This trend reduces the number of jobs available to unskilled Negro workers.

In addition, because unskilled white workers are affected as well, there is a secondary

effect. As the demand for unskilled labor declines, discrimination in hiring becomes a rationing device which distributes the available unskilled jobs disproportionately in favor of white workers. Consequently, unskilled Negro workers have higher rates of unemployment than unskilled whites, and often have to accept employment in industries where wage rates are lower and working conditions less favorable.

WHAT OF THE FUTURE?

Present employment practices and public policy have a long way to go before the future of the unskilled Negro worker is anything other than very bleak. There can be no complaisancy here; the record thus far offers little cause for hope of improvement unless new forces and new methods are brought to bear. The danger is great that the needs and interests of Negro workers, especially the unskilled ones, might be sacrificed to competing national objectives.

In a speech before the National Urban League, Dr. Andrew Brimmer of the Federal Reserve Board clearly pinpointed one way in which the priority for improvement in the employment of Negro workers might be downgraded. "Negro job gains are large, and Negro unemployment falls sharply," he noted, "only when the economy is growing at a 'real' rate . . . of well over four percent a year." Considerations of fiscal policy might cause the rate of growth to drop as, ". . . current economic conditions with nearly full employment and inflationary pressures call for a moderation of the growth rate next year to four percent." Brimmer delineated the grim consequences of this policy for Negroes: "This may mean not simply a slackening in the pace of improvement, but a halt in further progress and some rise in unemployment for non-white workers."

If the pace of economic activity slows down, the increase in the total number of jobs will fall off and unemployment will go up. New jobs will tend to be concentrated in those industries which provide few jobs for unskilled workers. Any slow down in the economy may mean that the potential increase in the number of jobs for unskilled Negro workers will become a decrease. Some signs of this problem were evidenced during the year of 1966 when the unemployment rate for non-whites rose slightly. During the same period, there was a comparable decrease in the white unemployment rate.

Further, in the coming years the economy must be prepared to absorb a much larger number of Negro workers. Between 1960 and 1965 there was an average net annual addition of 130,000 non-white workers to the nation's labor force. Current projections indicate an increase in this growth rate to 210,000 per year in the period 1965 to 1970 and 240,000 per year from 1970 to 1975.

IT CAN BE DONE!

The Chicago Urban League is convinced that the resources exist within our society--in the Negro community and in government, business and labor--to create the conditions of economic equality and well-being for unskilled Negroes. We are equally convinced that

so long as we limit our horizon to present techniques and remedies, the prospects of improving employment conditions for unskilled Negro workers will be practically nil. The current low-level national priority for corrective measures is insufficient to do the job.

As the first step, we must adopt the goal of eliminating the gap in earnings between unskilled Negroes and unskilled whites. The unskilled Negro worker must be able to compete at par in a labor market that provides sufficient jobs for all. This effort must be coupled with a campaign to upgrade the skills of the entire labor force.

We recommend for the labor market:

a) The application and enforcement of the principles of equal opportunity and equal results in the unskilled segment of the labor market, so as to eliminate the differentials, resulting from discrimination, between white and Negro earnings and rates of unemployment.

b) Improvement in the dissemination of job opening information by labor market intermediaries. Private and public employment agencies still dispense information concerning job openings in ways that reinforce the existing pattern of segregated employment.

c) The creation of additional intermediaries in the Negro sector of the labor market to increase employment opportunities, to generate more information about job openings, and to provide more supportive services.

d) Expansion of retraining programs such as On-The-Job Training and institutional training to include more unskilled workers, particularly the hard-core unemployed. Programs such as JOBS NOW, which are designed to place potentially valuable Negro youngsters who have previously been considered unemployable because of having police records or being high school dropouts, are particularly needed. These programs must pay more attention to preparing Negro workers for jobs in the growth sectors of the economy.

We recommend for other institutions:

a) Improved transportation facilities between non-white low-income neighborhoods and the outlying areas of Chicago where jobs have opened up. Negro workers now spend proportionately more on transportation than white workers and are limited in their job seeking because of inadequate public transportation routes from the ghetto to the suburbs.

b) Effective open housing throughout the entire metropolitan area so that Negro workers can locate near jobs everywhere in the Chicago labor market.

c) Improved education for Negro youngsters so that there will be no unskilled Negro workers "graduated" by the Chicago school system.

We recommend for economic growth:

Implementation of a domestic Marshall Plan as a giant force, adequately implemented to wipe out the effects of racism within the metropolitan areas. This program would reverse the economic and racial deterioration of the urban areas by upgrading the Negro community and breaking down racial restrictions.

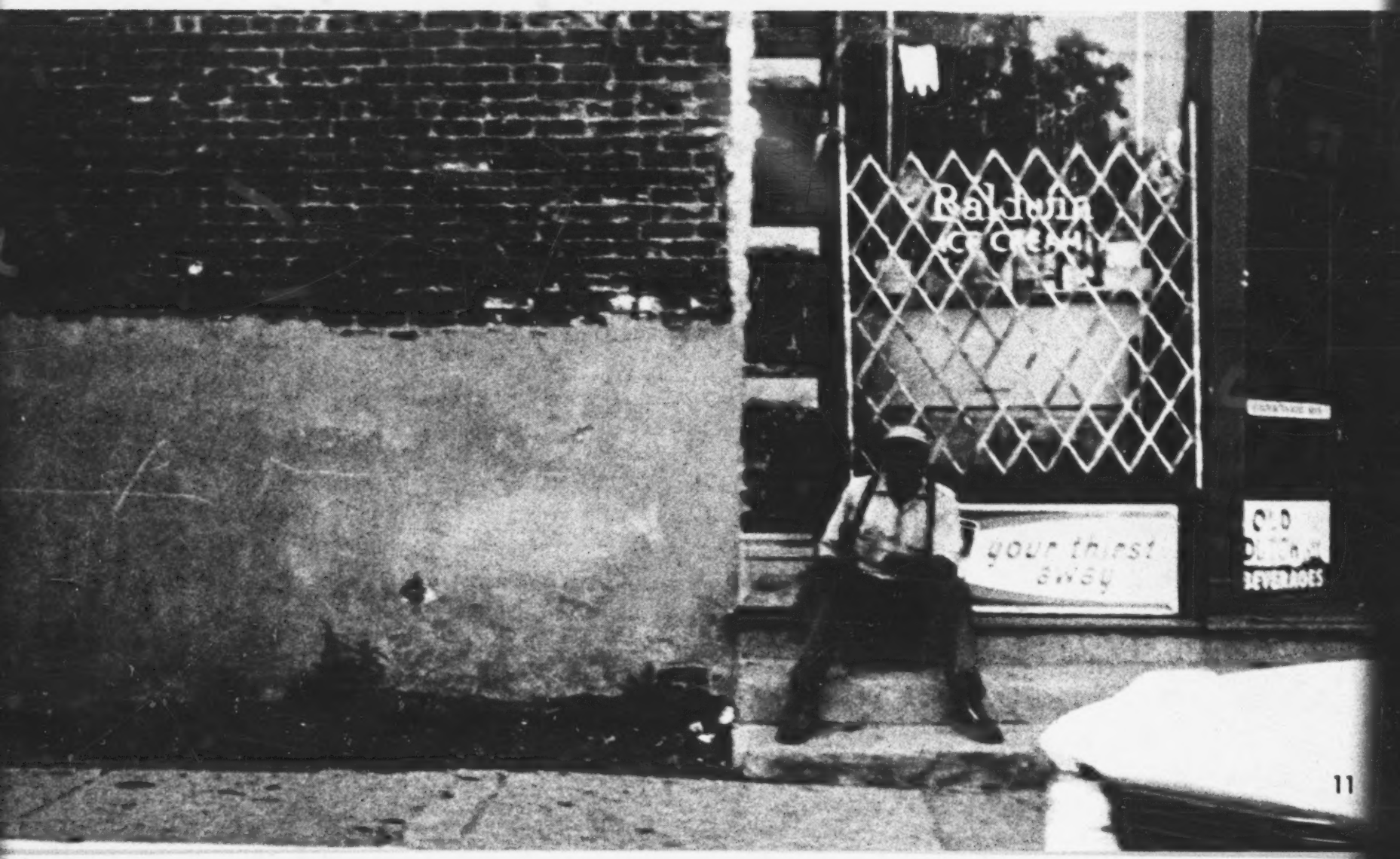
In addition to removing the barriers of segregation and discrimination, the effort would require: Massive investment to improve the areas in which Negroes live and the institutions which serve these areas; the development of an adequate supply of reasonably priced housing that is accessible to the various job locations throughout the metropolitan area; and creation of large work programs in the public sector, to provide permanent, meaningful employment with Civil Service status and career possibilities.

* * * *

Difficult? Yes. Costly? Yes. Impossible? NO!

At the Urban League, we've been sensing an increasing willingness to face these problems realistically and to move ahead with new daring and the necessary sense of urgency. High level centers of power are beginning to realize that the fundamental fact, here, is simply this:

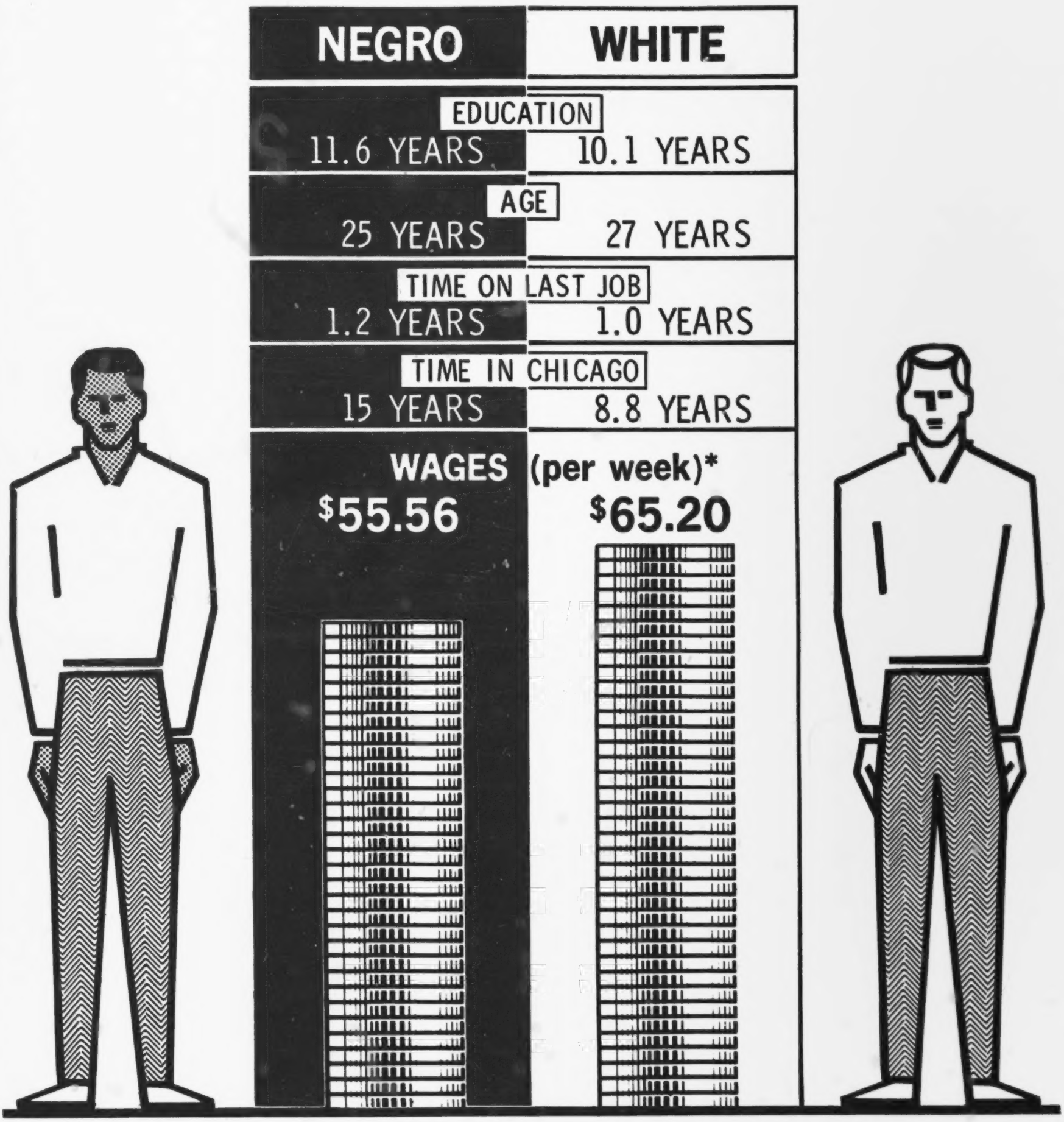
Doing what's needed will cost far less, in the long run, than not doing it!



Here, the better-qualified worker gets less pay

BECAUSE HE'S BLACK

(Basis: unskilled workers placed by private employment agency)



* 1963 Wage Scale

Source: Table I

The Taylor Report*

I. INTRODUCTION

A special study is certainly not required to establish that Negro workers have lower incomes, higher rates of unemployment and different job seeking patterns than white workers. Usually, these differentials are rationalized in terms of the quality of Negro labor. According to such claims, most Negroes are ill-prepared to perform the work of an industrial society either because of poor motivation and lack of incentives, or because they do not have the necessary education or training for modern day labor market requirements. As a result, these arguments continue, Negroes are relegated to unskilled low jobs at the bottom of the occupational structure.

To gain a better understanding of the dynamics of Negro participation in a large urban labor market and of the impact of racial discrimination on the operation of that market, we examined the wage rates, work backgrounds, and job seeking patterns of unskilled white and Negro male workers, as well as the hiring procedures of employers.

During the period 1962 to 1964, an extensive body of data for the unskilled segment of the Chicago labor market was developed through interviews with over four hundred Negro and white unskilled male job seekers and with employment officials of eighty Chicago area firms. We also surveyed personal and work characteristics and earnings of over 1,000 employed unskilled workers.

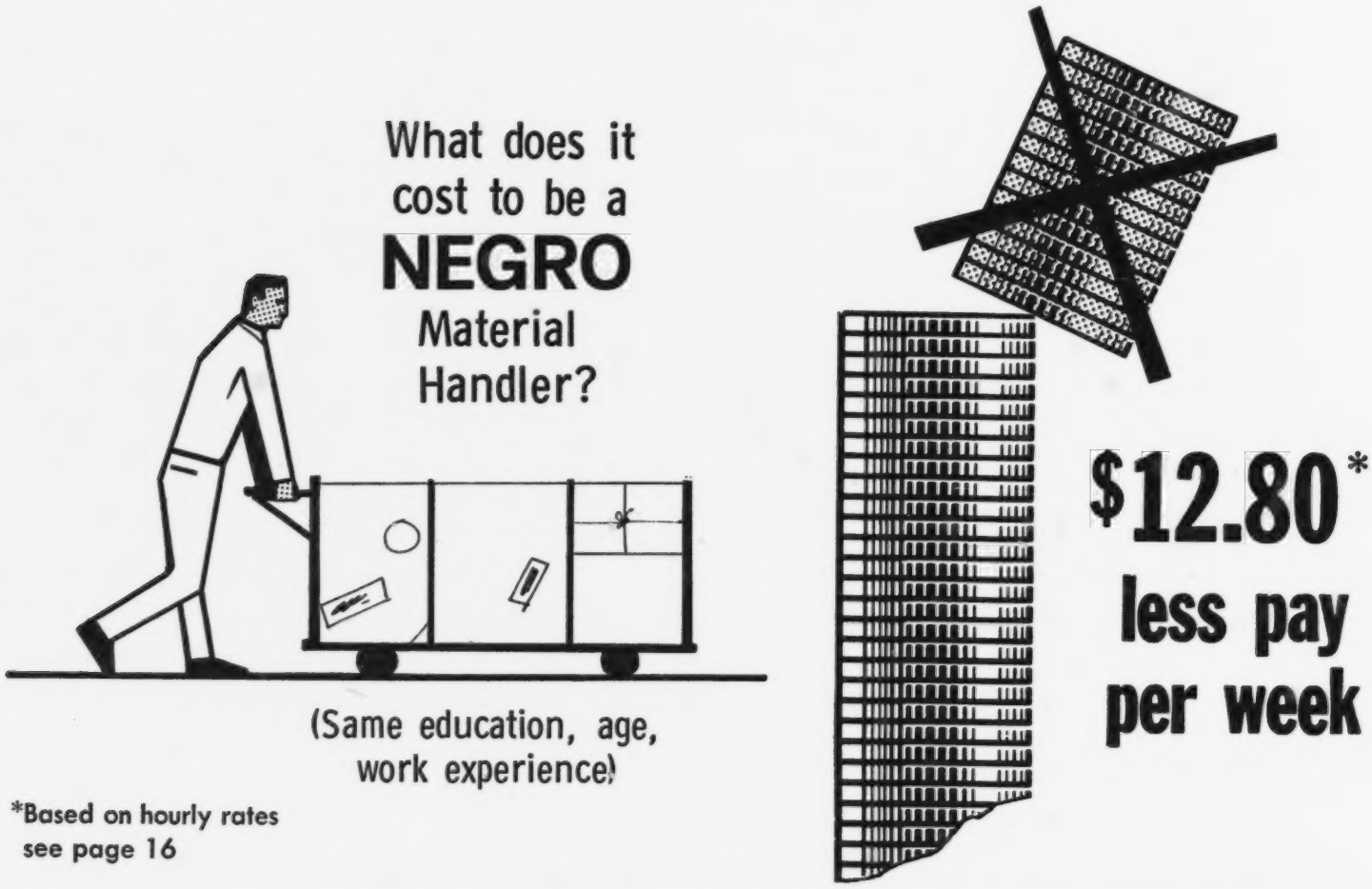
The data were then used to study intensively three areas of the labor market for unskilled workers:

1. Labor market performance--earnings of unskilled Negro workers vis-a-vis unskilled white workers;
2. Job seeking by unskilled Negro workers--how Negro workers look for jobs given the existence of employment discrimination and high rates of unemployment; and
3. Racial discrimination--the hiring policies of employers.

The major findings that emerged were:

1. The market for unskilled workers in Chicago is characterized by unequal opportunity.
2. Unskilled Negro workers earn less than unskilled white workers of similar backgrounds.

*This paper is based on research conducted in connection with the Chicago Labor Market Study under the direction of Dean George P. Shultz of the University of Chicago, and Professor Albert Rees, Princeton University, formerly of the University of Chicago. The study was financed by the Ford Foundation.



3. The pattern of Negro job seeking is a rational economic process reflecting adaptation to factors such as hiring discrimination, lack of job opening information and high rates of unemployment.

4. Some employers in Chicago discriminate in either overt or subtle ways through manipulation of sources of recruitment and hiring standards.

5. Economic and social segregation in housing, education, and employment limits the mobility of Negro workers in obtaining job information and actual employment. It can also serve as a rationale for further acts of discrimination.

II. Labor Market Performance

The most common measures of labor market performance are earnings and rates of unemployment. During the period in which the study was undertaken, the most striking characteristic of the market for unskilled Negro workers was a shortage of jobs relative to the supply of available workers. According to 1960 Census data, unemployment rates for unskilled Negro workers ran higher than those for whites. To all indications, this pattern continues today.

Higher rates of Negro unemployment are usually attributed to the greater number of unskilled workers in the Negro labor force or to the factor that within any given skill range, the quality of Negro labor is inferior to the quality of white labor. Similar arguments are also used to explain the well-established pattern of lower Negro income for any particular age or educational level.

Because of the comprehensiveness of the available data, we could compare Negro and white earnings, taking into account such relevant factors as age, education, previous work experience, etc. Two sets of data permitted us to do this. First we were able to inspect all the placements of a private employment agency during the first three months of 1963. We selected only those placements that could reasonably be classified as unskilled. These included "general factory work," "trainees," "porters," etc. We then recorded the personal characteristics of the ninety-eight men who had been placed in these jobs. The results are reported in the table below.

TABLE I

Characteristics of Unskilled Workers Placed by Private Employment Agency

Characteristic	Whites (44)	Negroes (54)
Marital Status		
Single	37%	47%
Married	61	49
Divorced or Separated	2	4
	100%	100%
Average Age	27.0 Years	25.0 Years
Average Years in Chicago	8.8 Years	15.0 Years
Average Years of Education	10.1 Years	11.6 Years
Average Years on Last Job	1.0 Years	1.2 Years
Average Placement Wage	$1.63/Hour	$1.39/Hour

Insofar as these are relevant criteria for determining the relative quality of whites and Negroes, the latter appear to have the edge. That is, the Negroes were slightly younger, had been in Chicago longer, had somewhat more schooling, and had served about the same length of time on their most recent jobs. Yet, the wage the whites received was, on the average, 17 per cent higher than the Negro wage for basically the same type of job.

The second source of data was the personnel records of the firms we visited in connection with the Chicago Labor Market Study. We collected the wage information and personal characteristics of employees in twelve occupations. Of these, two were unskilled occupations: material handler and janitor. In total, we collected data on some 1,058 individuals from the more than sixty Chicago-area firms in our sample that had employees in these two occupations. To interpret these data, we used regression analysis, a technique which permits the assessment of one factor while taking account statistically of any number of other factors.

The following characteristics were taken into account in the analysis: age, education, marital status, the person's familiarity with Chicago (whether he had ever been employed

or gone to school in the Chicago area), length of time on the job, and length of time on longest prior job. Some may argue that these are not the factors that constitute worker quality. The obvious counterargument is that these are the characteristics the employers collect on their personnel records and applications, and presumably use to a large extent in the hiring decision. Since we had access to personnel records, we would have collected any additional information if it had been available in any sort of a uniform way.

When all these factors were taken into account, the Negro janitors received ten cents less per hour than the white janitors. Furthermore, the Negro material handlers received thirty-two cents an hour less than their white counterparts.

Our analysis thus shows that unskilled Negro workers earn less than unskilled white workers even though the quality of Negro workers may be better. Racial discrimination in hiring probably accounted for most of this wage differential, primarily, by limiting the places of employment where Negro unskilled workers could find jobs.

Where the distribution of employment by industry and money wages were about the same, the real earnings of Negro workers were probably less than the real earnings of whites because Negro workers had to travel farther to and from work and therefore paid higher commuting costs than white workers.

The obvious conclusion from this comparison of white and Negro unskilled workers is that many employers, at least at this point of time, were overlooking a source of relatively high quality labor. This was well recognized by one employer who had started hiring Negroes for assembly work about a year prior to our interview. He said, "Since we integrated, we've been able to get better workers in terms of punctuality, attendance, turnover, and so on, at the same wage rate. These people want to hold on to their jobs. They have to, because they know there aren't that many other opportunities available."

III. Job Seeking

As a partial accommodation to the barriers which prevent the use of the channels of employment available to whites, unemployed Negroes have developed some distinctive job seeking techniques. Moreover, they appear to use a different mix of formal and informal sources of job information than do white job seekers. (Formal sources of information include private employment agencies, the state employment service, welfare agencies, and so on; while informal sources are composed of information from friends and relatives and direct application at the firm.)

In contrast to the white job seeker, unemployed Negroes have not only to locate job openings, but to discover whether or not these openings are available to non-whites. In many cases, the Negro job seeker lacks the crucial piece of information in the job seeking process--does the firm hire Negroes.

Some sources of information that can be utilized by white job seekers are closed to

Negroes. Negro job seekers can seldom hear of job openings from employers who rely on their existing all-white labor force to recruit additional workers; nor can they learn of job openings which are only advertised in newspapers that are distributed in white neighborhoods.

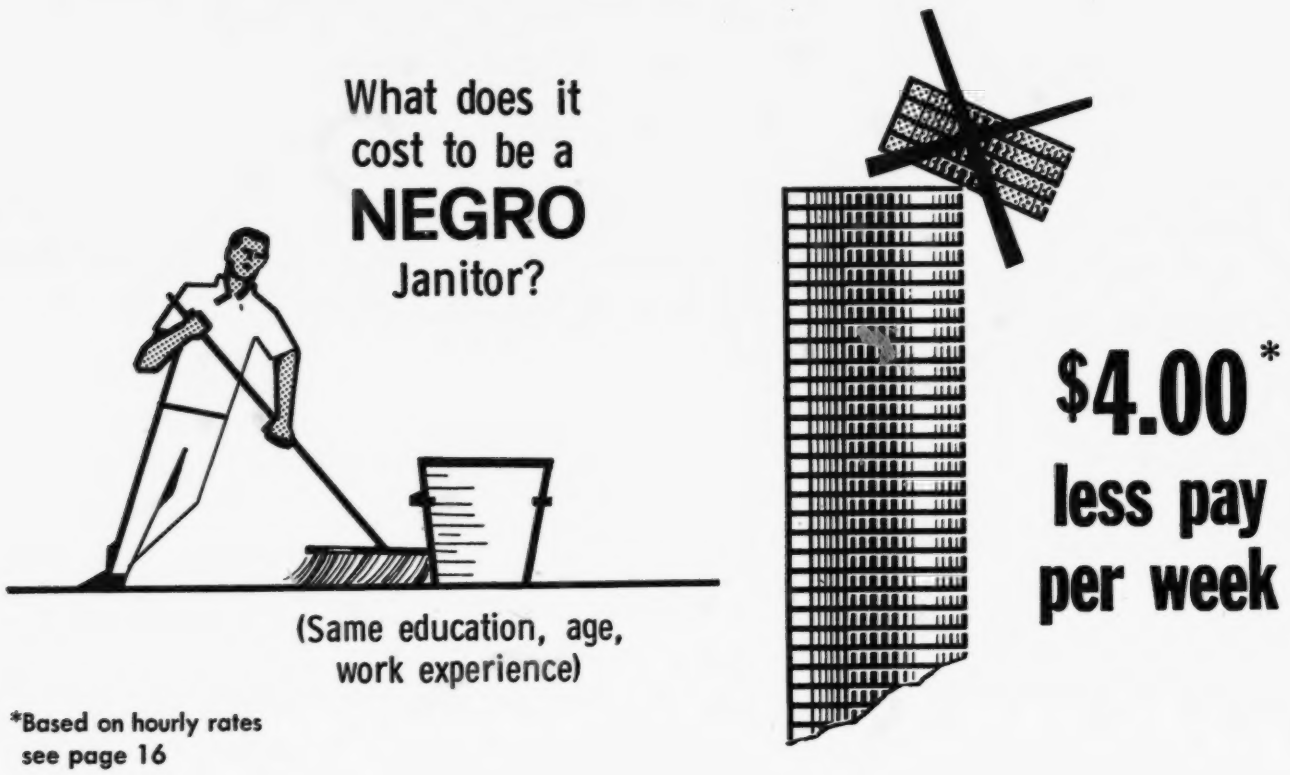
Private agencies can restrict Negroes from jobs. This is particularly true of those agencies that deal primarily in the unskilled segment of the labor market where job seekers are in over-supply and job orders have to be continually generated. Such agencies screen applicants so that the employer is sent only the type applicant he is interested in. If a private agency counselor gets a call from an employer in which it is revealed that the firm is looking for a worker who will "fit in well with our employees, most of whom live on the northwest side," there is little doubt about the race of the applicant that the counselor will send since the agency is interested in developing more business.

A. Informal Sources

Virtually all of the 315 Negro men we interviewed reported intensive use of informal sources of job information. One job seeker reported that he had filled out thirty applications at various plants in the previous two weeks. Another told of walking down a street lined with commercial establishments applying for work at each one.

Some of the job seekers said they hunted for work jointly with two or three friends. The group would locate an industrial neighborhood and split up, each one canvassing a number of factories. If one got hired, he would quickly relay this information to the others who would then apply at the same factory.

Other unemployed workers would concentrate their efforts in a particular industry. Some-



see page 16

times, this could be done quite efficiently, as in the case of a plasterer's helper who simply called ten to fifteen plastering contractors who knew him or his former employers and asked if there were any chance of getting hired. In other cases, such as in plastics fabricating and automobile bumper plating, a visit to the factory was required--phone calls would not be accepted from job seekers. Because these firms were not concentrated in one section of the city, the time and carfare consumed in canvassing them was substantial.

Intensive use was also made of personal referrals. The majority of the people interviewed commented that they had asked everyone they knew who was working to recommend them. It was frequently observed that the best way to get a job is to have someone "speak for you."

B. Formal Sources

Unskilled Negroes also relied on a variety of other sources of job information. One of the more important of these was newspapers. Want ads were generally used, however, not to locate a specific job opening but rather to inform the job seeker about hiring in any manual occupation. A firm seeking welders would get applicants who did not have welding experience but were simply drawn by the information that hiring of any sort was underway in the hope that there would be a need for unskilled workers as well. Only infrequently during this period would a job seeker find an ad for unskilled workers in a newspaper.

The Illinois State Employment Service (I.S.E.S.) and private employment agencies were used by unskilled workers in search of a job. Over half the Negroes interviewed had been, at one time or another, to a private employment agency, although fewer than 20 per cent had ever obtained a job through such an agency. One virtue of a private agency, according to those who used them, is the speed with which a job can be found. This was related to the fact that the agencies have fairly explicit information about where Negroes will and will not be hired. This advantage must be balanced against the fee involved, usually equal to one week's pay, and the deposit of about $15 which must be paid before the agency will even begin to look for a job for the client.

C. The Mix of Formal and Informal Methods of Negro Job Seeking

In general, we would expect unskilled Negroes to rely more heavily on formal sources of job information than unskilled whites. This is related to the fact that informal sources are relatively inefficient when the market is characterized by high unemployment rates. To see why this is true, we can look at the two informal sources separately. Random gate applications will obviously turn up fewer job openings when the market has an excess supply of job seekers.

Similarly, sources of job information from friends and relatives will also dry up as the market weakens. Unskilled job seekers will probably tend to associate with people who are also unskilled and unemployed. It would seem strange for those without jobs them-

selves to have information about job openings to pass on to unemployed friends and relatives.

These conjectures were born out by information collected in connection with the Chicago Labor Market Study. In this study we found that 24 per cent of the 119 unskilled* Negroes and only 6 per cent of the 223 unskilled whites (the total number for whom these data were available) used formal agencies to get their present jobs. Conversely, 67 per cent of the Negroes and 77 per cent of the whites used informal methods. These figures serve to confirm what employers who are interested in increasing the number of Negroes in their plants have learned through experience: a firm cannot rely on traditional sources of recruitment if it wants to change the composition of its applicant flow.

IV. Racial Discrimination

It was clear from our discussions with Chicago area firms that it was possible and even easy for an employer to discriminate in hiring on the basis of race. One of the striking aspects of the employer responses to inquiries about racial employment policies was their ability to rationalize their activity in economic terms, no matter what these policies were.

In most cases that we encountered, the use of discriminatory practices was an immediate

*Our sample of unskilled workers was composed of janitors and material handlers.

consequence of the already existing pattern of segregation in employment and in hiring. Some firms refused to hire Negroes or did so only with great reluctance because they claimed they were concerned about the morale and productivity of their current work force. They feared the reaction from unskilled workers already employed who might feel their jobs threatened by the introduction of Negroes into the plant. Some of these firms said that if they were forced to hire Negroes, they would only do so at the clerical or technical levels where there would be less animosity among current employees.

Other firms expressed concern about the reaction from the whites living in the neighborhood around the plant. Employers located in all-white regions of the city reported that, "We have always been very good neighbors to the people living around here, and we depend on this neighborhood for recruiting workers, so we're not going to do anything to alienate these people."

Methods of Exclusion

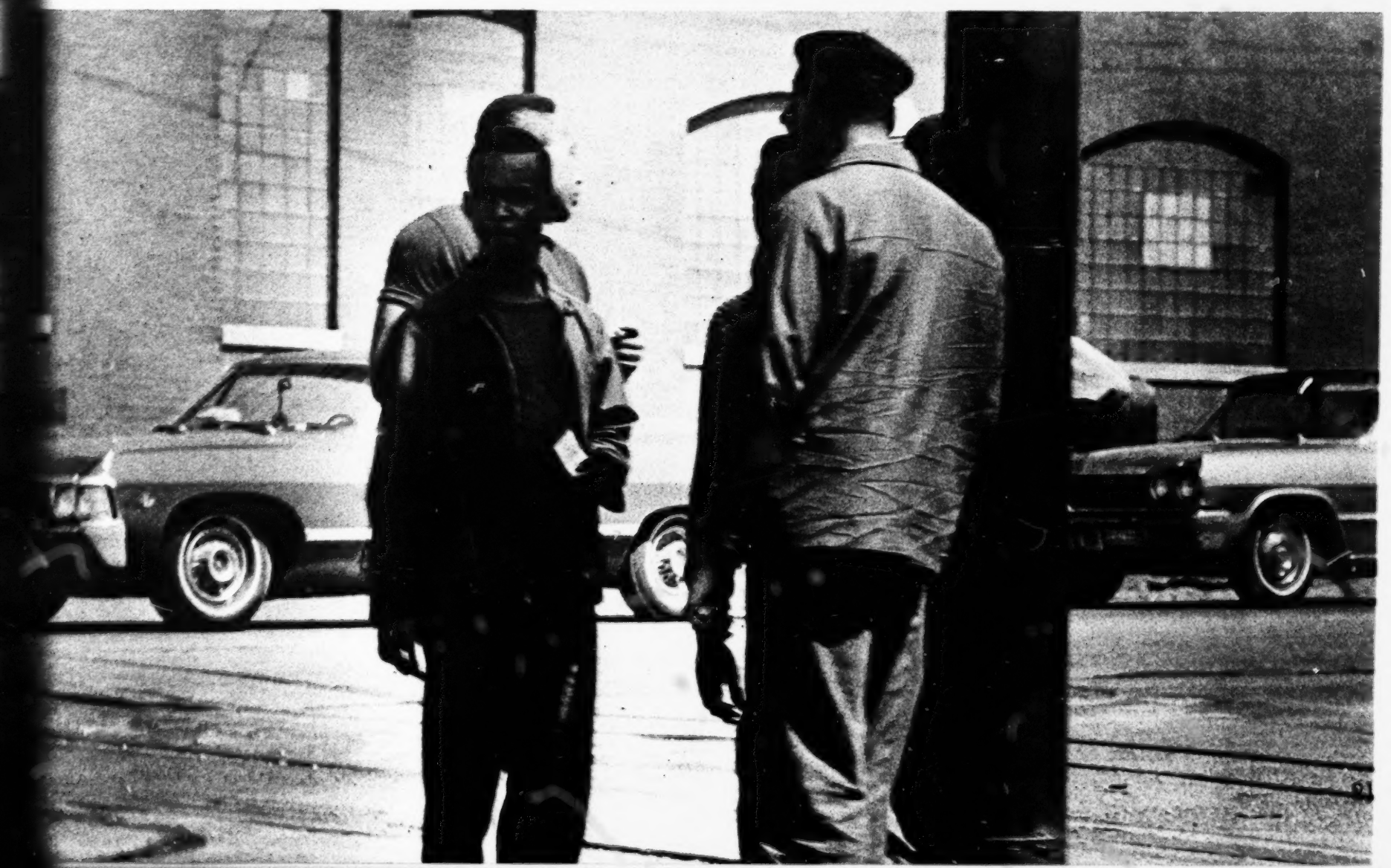
Both subtle and overt methods were used to restrict Negro workers. Some firms claimed they had no Negro applicants, and therefore, no Negro employees. Usually, such a company had established a reputation for not hiring Negroes, which caused Negroes not to apply. Other firms rely heavily on referrals of friends and relatives by current employees, all of whom are white. Consequently, none of their applicants would be Negro.

Most employers were aware that advertising for employees in newspapers with city-wide

circulation instead of neighborhood papers would alter the racial composition of the applicants. An employer by carefully juggling his allocation of ads to various papers could develop a fairly precise racial mixture in the applicant flow, since the likelihood of Negroes responding to an ad in an all-white neighborhood newspaper was very slim. Some of the neighborhood newspapers even sent promotional material to employment offices of Chicago firms that stressed the ethnic and national characteristics of the neighborhoods in which their readership was concentrated: 40 percent German stock; 20 percen' Irish stock, etc.

A number of companies had developed seemingly rational qualifications for new hires which served, perhaps deliberately, to eliminate non-white workers. One firm imposed different educational requirements on native Americans and workers educated in Europe. Applicants educated in the United States had to have completed high school while Europeans needed only ten years of schooling. The employment manager said he was convinced that the educational system in Europe was superior and used this as a basis for establishing the requirements. Other companies set limits on the distance a new employee may travel to work. The explanation for this was the fear of excessive tardiness on the part of the employee, particularly in bad weather. This would, of course, result in excluding virtually all Negroes from consideration by firms located in areas of Chicago that are far from Negro neighborhoods.

In contrast, companies following a policy designed to increase sharply the number of



Negroes in their plants were generally of two types: first, there were firms who had close relationships with the Federal Government. These employers knew they were being watched and were alert to the possibility of being charged with discrimination. The second group consisted of firms whose products or services are susceptible to consumer boycotts in Negro neighborhoods.

SUMMARY

In summary, our study has indicated that despite some employment gains for Negroes in the white collar and professional occupational areas, employers continue to apply discriminatory hiring standards in the unskilled market. Many employers find that it is not difficult to do this because of the way channels of employment have developed over the years.

It follows that unskilled Negroes find themselves at an economic disadvantage. They have adapted by using different means of finding work from those used by whites and concentrating their efforts in areas and industries which they know are open to Negroes.

The wage differentials we found when statistically holding individual characteristics constant lend support to the feeling Negro unskilled workers have probably had all along--an employer can improve the quality of his work force if he is only willing to ignore the racial characteristics of his employees.

The Authors

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Edwin C. Berry, Executive Director of the Chicago Urban League began his career in the field of race relations in 1937. Berry assumed his present position with the Chicago Urban League in January, 1956. During his term of office he has transformed the Chicago Urban League into the largest Urban League in the nation with a staff of 85 persons and an annual budget of $756,000. He has written extensively on the subject of race relations and serves as a guest lecturer for the universities throughout the country.

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- **Youth Guidance Project** — works to keep all kids in school and to use well all their training chances.
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